

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
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R 211400Z JUN 78
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0894
INFO AMEMBASSY ROME
AMCONSUL FLORENCE UNN
AMCONUL GENOA UNN
AMCONSUL MILAN UNN
AMCONSUL NAPLES UNN
AMCONSUL PALERMO UNN
AMCONSUL TRIESTE UNN
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TAGS: ECON, EIND, EINV, ELTN, IT
SUBJ: FIAT HOLDING GROUP ANNOUNCES MAJOR INVESTMENT/
EXPANSION PROGRAM FOR PLANTS IN CENTRAL AND SOUTHERN
ITALY

REF: TURIN A-10

1. SUMMARY. FOLLOWING TOP-LEVEL CONSULTATIONS WITH PREMIER
ANDREOTTI AND CONCERNED GOI MINISTERS, THE FIAT HOLDING
GROUP RECENTLY ANNOUNCED DETAILS OF A NEW, MEDIUM-TERM DOLS 642
MILLION INVESTMENT PROGRAM DIRECTED TOWARD NEW PLANTS AND
EXPANSION/UPGRADING OF EXISTING PLANTS IN CENTRAL AND
SOUTHERN ITALY. BY 1981, FIAT EXPECTS THAT THIS PROGRAM
WILL CREATE 7,500 NEW JOBS. OF THE NINE INITIATIVES UNDER
THIS FIAT INVESTMENT PROGRAM, ONE IS A NEW FIAT AUTOMOBILE
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PLANT IN VAL DI SANGRO AREA (ABRUZZI REGION), WHICH FIAT
DESCRIBES AS A JOINT-VENTURE WITH AN UNIDENTIFIED EUROPEAN
PARTNER, TARGET OUTPUT OF 80,000 UNITS P.A. OF A NEW-TO-
THE-MARKET, LIGHT CAR. INVESTMENT PROGRAM DETAILS, PROVIDED
TO US BY FIAT, ARE REPORTED IN CONSULATE S FORTHCOMING
REFAIRGRAM. END SUMMARY.

2. OTHER THAN THE VAL DI SANGRO PLANT (DOLS 243 MILLION AND 3,000 NEW JOBS), ANOTHER NEW PLANT IS PROGRAMMED FOR VALLE UFITA (CAMPANIA REGION), DOLS 58 MILLION INVESTMENT# THIS BUS PRODUCTION PLANT (1,500 UNITS) ACTUALLY WAS BEGUN IN 1977, BUT NOW INVESTMENT HAS BEEN ALMOST TRIPLED AND ENVISAGED WORKFORCE WILL RISE FROM 650 TO ABOUT 1,000.

3. OTHER PROJECTS FOR WHICH NEW INVESTMENT IS PLANNED FOR EXPANSION AND/OR UPGRADING OF EXISTING FACILITIES IN CENTRAL/ SOUTHERN ITALY ARE:

A. SULMONA, ABRUZZI REGION: DOLS 3.5 MILLION TO UPGRADE CAR COMPONENT PRODUCTION (STEERING WHEELS AND SUSPENSION SYSTEMS), ADD ONLY 25 WORKERS TO PRESEN 985 BECAUSE OF UTILIZATION OF MORE AUTOMATION.

B. CASSINO/PIEDIMONTE SAN GERMANO, LATIUM REGION: DOLS 144 MILLION, 1,000 NEW JOBS, BRINGING TOTAL UP TO 7,700, FOR RETOOLING OF CAPITAL EQUIPMENT FOR FUTURE PRODUCTION OF MIDDLE POWER RANGE FIAT CARS AND INCREASE CURRENT BASIC OUTPUT OF 262,000 VEHICLES PER YEAR.

C. NAPLES: DOLS 42 MILLION, ADD 100 NEW JOBS TO CURRENT 925# TO CONVERT PRESENT LIGHT PASSENGER VEHICLE PLANT INTO PRODUCER OF AUTOMOTIVE ACCESSORIES ONLY.

D. TERMOLI, CAMPANIA REGION: IN FIRST PLANT, DOLS 20 MILLION, 100 NEW JOBS OVER CURRENT 1,400# TO READJUST CURRENT CAR MOTOR PRODUCTION FOR PRODUCION OF A NEW MOTOR# UNCLASSIFIED

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AND IN SECOND PLANT, DOLS 23.2 MILLION, 280 NEW JOBS# TO PRODUCE DIFFERENT KINDS OF GEARBOXES FROM PRESENT PRODUCTION.

E. MODUGNO, APULIA REGION: DOLS 38.3 MILLION, 200 NEW JOBS (MAINLY SKILLED LABOR) TO ADD TO CURRENT 2,600# TO UPGRADE TECHNOLOGY IN CURRENT PRODUCTION OF INJECTION SYSTEM FOR DIESEL ENGINES AND BRAKING SYSTEMS.

F. ZAGU'LAPULIA REGION: DOLS 8.5 MILLION, ADD 200 NEW JOBS TO CURRENT 2,250# TO INCREASE PRODUCTION AND PRODUCE MORE POWERFUL MODELS OF EARTH-MOVING/CONSTRUCTION EQUIPMENT AT THIS FIAT-ALLIS PLANT, BOOSTING CAPACITY FROM 5,700 TO 7,000 UNITS PER YEAR.

G. TERMINI IMERESE, SICILY: DOLS 52.3 MILLION FOR RETOOLING OF EXISTING CAPITAL EQUIPMENT, PLUS DOLS 31.4 MILLION FOR INCREASING CAPACITY# SIGNIFICANT INCREASE OF 1,700 NEW JOBS FROM CURRENT 900# TO PRODUCE NEW SMALL CAR CURRENTLY UNDER STUDY/DESIGN, INCREASE PRODUCTIVE CAPACITY FROM CURRENT 55,000 (126 MODEL, SMALL FIAT) TO 105,000 WHEN NEW MODEL IS READY TO BE LAUNCHED# PLANT SIZE TO INCREASE FROM 47,000 SQ.M. TO 100,000 SQ.M.

4. COMMENT. FIAT HAS TOUTED THIS INVESTMENT EFFO IN

ITALY AS PROOF OF ITS BELIEF IN THE FUTURE OF INVESTMENT IN THE COUNTRY, AND ESPECIALLY IN CENTRAL AND SOUTHERN PORTIONS OF ITALY. FIAT WILL STILL HAVE TO OBTAIN VARIOUS GOI APPROVALS AND THUS IS SOMEWHAT UNCERTAIN WHETHER ACTUAL IMPLEMENTATION OF THE VARIOUS PROJECTS CAN BEGIN BY THE END OF THIS YEAR. FIAT HAS ALSO EMPHASIZED THE PROBABILITY OF HAVING A FOREIGN PARTNER IN THE NEW VAL DI SANGRO PLANT AS EVIDENCE OF FOREIGN INTEREST IN VALID VENTURES IN ITALY. (LOCAL SPECULATION POINTS TOWARD RENAULT OR VOLKSWAGEN, BUT AMOUNT OF FOREIGN SHAREHOLDING HAS YET TO BE REVEALED.) THIS NEW FIAT INVESTMENT PROGRAM FOR ITALY COMES ON TOP OF THE DOLS 1.1 BILLION FIAT HAS ALREADY INVESTED IN CENTRAL/ SOUTHERN ITALY, WHICH HAS GENERATED 24,000 NEW JOBS SINCE 1970.

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